

SENATE BILL No. 356

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3-4-4.1.

Synopsis: Quarterly payments by retired taxpayers. Exempts from the requirement of declaring and paying estimated tax retired persons who are at least age 65 and whose sole source of income is retirement income.

Effective: January 1, 2000.

Paul

January 8, 1999, read first time and referred to Committee on Finance.



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Introduced

First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

SENATE BILL No. 356

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3-4-4.1 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JANUARY 1, 2000]: Sec. 4.1. (a) This
3 section applies to taxable years beginning after December 31, 1993.

4 (b) ~~Any~~ **An** individual required by the Internal Revenue Code to file
5 estimated tax returns and to make payments on account of such
6 estimated tax shall file estimated tax returns and make payments of the
7 tax imposed by this article to the department at the time or times and
8 in the installments as provided by Section 6654 of the Internal Revenue
9 Code, **unless the individual is not required to make a declaration**
10 **under subsection (c)(1) or (c)(2).** However, in applying Section 6654
11 of the Internal Revenue Code for the purposes of this article, "estimated
12 tax" means the amount which the individual estimates as the amount of
13 the adjusted gross income tax imposed by this article for the taxable
14 year, minus the amount which the individual estimates as the sum of
15 any credits against the tax provided by IC 6-3-3.

16 (c) Every individual who has gross income subject to the tax
17 imposed by this article and from which tax is not withheld under the

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requirements of section 8 of this chapter shall make a declaration of estimated tax for the taxable year. However, no such declaration shall be required if:

(1) the estimated tax can reasonably be expected to be less than four hundred dollars (\$400); or

(2) the individual is a retired person:

(A) who is at least age sixty-five (65) years; and

(B) whose sole source of income is retirement income.

In the case of an underpayment of the estimated tax as provided in Section 6654 of the Internal Revenue Code, there shall be added to the tax a penalty in an amount prescribed by IC 6-8.1-10-2.1(b).

(d) Every corporation subject to the adjusted gross income tax liability imposed by IC 6-3 shall be required to report and pay an estimated tax equal to twenty-five percent (25%) of such corporation's estimated adjusted gross income tax liability for the taxable year, less the credit allowed by IC 6-3-3-2 for the tax imposed on gross income. Such estimated payment shall be made at the same time and in conjunction with the reporting of gross income tax as provided for in IC 6-2.1-5. The department shall prescribe the manner and forms for such reporting and payment.

(e) The penalty prescribed by IC 6-8.1-10-2.1(b) shall be assessed by the department on corporations failing to make payments as required in subsection (d) or (g). However, no penalty shall be assessed as to any estimated payments of adjusted gross income tax plus supplemental net income tax plus gross income tax which equal or exceed:

(1) twenty percent (20%) of the final tax liability for such taxable year; or

(2) twenty-five percent (25%) of the final tax liability for the taxpayer's previous taxable year.

In addition, the penalty as to any underpayment of tax on an estimated return shall only be assessed on the difference between the actual amount paid by the corporation on such estimated return and twenty-five percent (25%) of the sum of the corporation's final adjusted gross income tax plus supplemental net income tax liability for such taxable year.

(f) The provisions of subsection (d) requiring the reporting and estimated payment of adjusted gross income tax shall be applicable only to corporations having an adjusted gross income tax liability which, after application of the credit allowed by IC 6-3-3-2, shall exceed one thousand dollars (\$1,000) for its taxable year.

(g) If the department determines that a corporation's:



1 (1) estimated quarterly adjusted gross income tax liability for the
2 current year; or

3 (2) average estimated quarterly adjusted gross income tax liability
4 for the preceding year;

5 exceeds, before January 1, 1998, twenty thousand dollars (\$20,000)
6 and, after December 31, 1997, ten thousand dollars (\$10,000), after the
7 credit allowed by IC 6-3-3-2, the corporation shall pay the estimated
8 adjusted gross income taxes due by electronic funds transfer (as
9 defined in IC 4-8.1-2-7) or by delivering in person or overnight by
10 courier a payment by cashier's check, certified check, or money order
11 to the department. The transfer or payment shall be made on or before
12 the date the tax is due.

13 (h) If a corporation's adjusted gross income tax payment is made by
14 electronic funds transfer, the corporation is not required to file an
15 estimated adjusted gross income tax return.

16 **SECTION 2. [EFFECTIVE JANUARY 1, 2000] IC 6-3-4-4.1, as**
17 **amended by this act, applies to taxable years that begin after**
18 **December 31, 1999.**

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